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An examination of employee participation in the private sector: Malaysian case studies

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An Examination of Employee Participation in the Private Sector: Malaysian Case Studies

A thesis in fulfilment of the requirements for the award of the degree

Doctor of Philosophy

from

The University of Wollongong



by

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B. Soc. Sc Hons (USM, Malaysia)

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March 2007

CERTIFICATION

I, Balakrishnan Parasuraman, declare that this thesis, submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Management, and Marketing, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualification at any other academic institution.

Balakrishnan Parasuraman

30 March 2007

In loving memory of my father and my mother

Mr Parasuraman Manickam (66)

Ms Munichy Dharman (55)

(Kedah-born, Sungai Petani-bound)

who passed away on October 25, 1997 and April 18, 1986

Their legacy to their children:

**We shall support you till you've achieved the
highest level of education or as long as you
want to study, but never ever give up when
you know you can succeed'.**

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Glossary of Abbreviations and Acronyms

AEU	Airlines Employees Union
ASRC	Autoco Sports and Recreation Committee
CCP	Chinese Communist Party
CCR	Cabinet Committee Report
CA	Collective agreement
CB	Collective Bargaining
CFL	Chinese Federation of Labour
CLA	Council of Labour Affairs
CUEPACS	Congress Unions of Employees in Public Sector and Civil Service
DAP	Democratic Action Party
EBA _s	Enterprise Bargaining Agreements
ECOP	Employer Confederation of Philippine
EIWU	Electrical Industry Workers Union
EOI	Export-Oriented Industrialisation
EP	Employee Participation
ESS	Employee Suggestion Scheme
EW _{Cs}	European Works Councils
GDP	Gross Domestic Product
HIP	Heavy Industry Policy
HICOM	Heavy Industries Corporation of Malaysia
HRM	Human resource management
IR	Industrial Relations
ISA	Internal Security Act
ISI	Import Substitution Industrialisation
JCC _s	Joint Consultation Committees
LMC _s	Labour-Management Councils
MAPA	Malayan Agricultural Producers Association
MAS	Malaysian Airline System
MASEU	Malaysian Airlines Employees Union, Peninsular Malaysia
MCA	Malaysia Chinese Association
MCBA	Malaya Commercial Banks Association
MCEO	Malayan Council of Employers' Organization
MCP	Malayan Communist Party
MESA	Malaysian Airlines Executive Staff Association
MEOA	Malaysian Estates Owners' Association
MGLU	Malaya General Labour Union
MIEU	Metal Industry Employees Union
MLO	Malaysian Labour Organisation
MNC _s	Multinational Corporations
MMEA	Malayan Mining Employers' Association
MSC	Multimedia Super Corridor
MTUC	Malaysian Trade Union Congress
NCCIM	National Chamber of Commerce and Industry of Malaysia
NEP	New Economic Policy
NIC _s	Newly Industrialised countries

NJCs	National Joint Councils
NST	New Strait Times
NUBE	National Union of Bank Employees
NUPW	National Union of Plantation Workers.
NUTW	National Union of Transport Workers
OECD	Organisation for Economic Co-operation and Development
OSHA	Occupational Safety and Health Act
PAS	Malaysian Islamic Party
PAEU	Postal Assistant Executive Union
PSD	Public Services Department
PST	Public Services Tribunal
PSRC	Posco Sports and Recreation Committee
PMGLU	Pan-Malayan General Labour Union
PMFTU	Pan-Malayan Federation of Trade Union
PIO	Pioneer Industry Ordinance
RTU	Registrar of Trade Union
SHC	Safety and Health Committee
SSRC	Steelco Sports and Recreation Committee
TPS	Toyota Production System
UMNO	United Malay National Organisation
UPCW	Union Postal Clerical Workers
UPUS	Union Postal Uniform Services
VSS	Voluntarily Separation Scheme

ABSTRACT

Employee participation refers to a wide variety of policies, mechanisms, and practices that enable employees to take part in decision-making, frequently at the level of the enterprise or workplace. The subject of employee participation (EP) in the organisation has attracted a great deal of international interest as attested by the considerable amount of research in the issue. However, whereas the issues have been fairly well researched in OECD countries, especially those in Europe, EP has been rather less emphasised in Asia. The few studies that have been conducted on EP in this Malaysia have been from the organisational behaviour perspective with a narrow set of variables under consideration. The present study makes significant contributions across all areas of EP for scholarly researchers as well as practitioners and policy-makers in Malaysia.

The primary objective of this study has been to provide an insight in to why private companies (Steelco, Autoco and Posco) in Malaysia have developed direct and indirect forms, and what have been the major determinants and influences on the choice of forms of EP. The next objective of the study is to understand whether or not unions and non-managerial employees have any capacity to influence management final decision-making process at the firm level. To achieve these research objectives, a qualitative case research strategy was selected, which was appropriate given the paucity of information on EP in the Malaysian private sector. An extensive empirical research was undertaken through interviews with national union leaders, employers, managers, union representatives, and non-managerial employees. In addition to the interview technique, direct participation, memos, and reflective journal data were also utilised in this study. The results of the interview, direct observation, memos and reflective journal were triangulated for validity of study. These methods were also discussed in terms of their academic contributions to understanding why EP was implemented at company and workplace level, and concomitantly to study the capacity of the unions and non-managerial employees to influence management final decisions.

The findings from the case study research of Steelco, Autoco and Posco found new factors, only rarely discussed in the international EP literature, to be important. These included mergers and acquisitions, privatisation policy, Malaysia's Look East Policy, cross-cultural management styles and the influence of British colonial system.

Other major research findings are related to the second objective of this study. The research results from studying Steelco, Autoco and Posco demonstrated that unions and non-managerial employees have very limited capacity to influence the management final decisions at company level. This is due to the Industrial Relations Act (managerial prerogative clause) 1967, the management attitudes towards union and workers, cultural orientation and values among Malaysia employees, and ineffectiveness of the Code of Conduct for Industrial Harmony 1975. The findings of present research have some implication for analytical models of EP, particularly the Favourable Conjunctures Model. As a consequence, a new model of EP which incorporates these findings from the Malaysian private sector is proposed in this research.

The study concludes that this research not only contributes to the academic literature on EP but it should be of value of practitioners in industrial relations and human resource management, unions, the government agencies (Ministry of Human Resources Malaysia). In future research, similar studies can be applied more widely in Malaysia.

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